

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)	
)	
Rules and Policies to Promote New Entry and)	MB Docket No. 17-289
Ownership Diversity in the Broadcasting Services)	
)	

**REPLY COMMENTS OF
BONNEVILLE INTERNATIONAL CORPORATION**

Bonneville International Corporation (“Bonneville”) hereby submits reply comments in the above-captioned proceeding. Bonneville consistently has supported the establishment of an incubator program and believes that an incentives-based model along the lines as suggested in the comments of the National Association of Broadcasters (“NAB Comments”)¹ in this proceeding would provide a long-needed mechanism to increase broadcast station ownership diversity.

I. BONNEVILLE CONSISTENTLY HAS SUPPORTED AN INCUBATOR PROGRAM.

Bonneville agrees with the Commission that “adopting an incubator program would promote new entry and ownership diversity in the broadcast industry by helping to address barriers to station ownership.”² For more than a decade, Bonneville has supported proposals to create an incubator program to enhance broadcast ownership diversity. In December 2007, in

¹ National Association of Broadcasters, Comments, MB Docket No. 17-289. (Mar. 9, 2018).

² *2014 Quadrennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, Order on Reconsideration and Notice of Proposed Rulemaking, 32 FCC Rcd 9802, 9858 ¶ 124 (2017).

connection with the 2006 Quadrennial Review, Bonneville expressed its belief that a proposal to create an incubator program tied to structural rule waivers had merit, as it would “enable companies to pursue combinations in exchange for the commitment of resources to further the prospects of minority and women-owned enterprises.”³ Throughout 2012, in *ex parte* meetings with Commission staff in connection with the 2010 Quadrennial Review, Bonneville noted that it “endorse[d] the concept of an incubator program.”⁴ In January 2013, Bonneville encouraged the Commission to “[a]dopt an incubator program to encourage existing broadcasters to financially assist new entrants” and asked the Commission to consider requesting comment on “the types of support existing broadcasters would have to provide” and “the appropriate incentives for offering that support.”⁵ In September 2014, in Reply Comments in the 2014 Quadrennial Review, Bonneville argued that one of the “concrete steps the FCC could take on its own” to help new broadcast owners secure financing was “an incubator program focused on new entrants.”⁶ Most recently, in February 2017, Bonneville supported NAB’s call for an incubator program in its Petition for Reconsideration of the Commission’s 2016 *Second Report and Order* in the 2014 Quadrennial Review.⁷

³ Bonneville International Corporation, Comments, MB Docket No. 06-121 (Dec. 11, 2007).

⁴ See, e.g., Letter from Rosemary C. Harold, counsel for Bonneville International Corporation and The Scranton Times, L.P., to Marlene Dortch, Federal Communications Commission, MB Docket No. 09-182, et al., at 3 (May 14, 2012); Letter from Rosemary C. Harold, counsel for Bonneville International Corporation and The Scranton Times, L.P., to Marlene Dortch, Federal Communications Commission, MB Docket No. 09-182, et al., at 2 (Nov. 14, 2012).

⁵ Bonneville International Corporation and The Scranton Times, L.P., Joint Reply Comments, MB Docket No. 09-182, et al., at 13-14 (Jan. 4, 2013).

⁶ Bonneville International Corporation and The Scranton Times, L.P., Joint Reply Comments, MB Docket No. 14-50, et al., at 9 (Sep. 8, 2014).

⁷ Bonneville International Corporation and The Scranton Times, L.P., Joint Reply Comments, MB Docket No. 14-50, et al., at 9 (Feb. 3, 2017).

II. AN INCENTIVES-BASED INCUBATOR PROGRAM WOULD PROVIDE A MECHANISM TO INCREASE BROADCAST STATION OWNERSHIP DIVERSITY.

Bonneville continues to believe that the Commission should adopt an incubator program offering ownership rule relief in exchange for a commitment of resources to support the efforts of new entrants to broadcasting. The NAB Comments outline a structure that reflects these characteristics. For example, NAB argues (and Bonneville agrees) that the Commission should provide a menu of benefits or other inducements that will incent established broadcasters to participate in the incubator program.⁸ Such benefits could include “tangible regulatory benefit[s], such as a waiver of an otherwise-applicable broadcast ownership limit” in the relevant market or in another market in which the established broadcaster is approaching an ownership limitation.⁹ Other potential benefits for participation in the incubator program could include “waiver credits” that an established broadcaster could use in future transactions or that become available to the established broadcaster once the incubated entity “graduates” to full ownership of the broadcast station.¹⁰ Bonneville believes that the greater the flexibility of the incentive for the incubating entity, the more likely it will be that broadcast groups will participate.

Bonneville also supports the requirement in an incubator program that both the established broadcaster and the incubated entity must demonstrate their respective commitments to the endeavor.¹¹ This includes technical and operational support from the established broadcaster such that the incubated entity is provided with an opportunity to learn the many facets of station operations. In addition, the incubated entity must demonstrate a commitment to

⁸ NAB Comments at 12.

⁹ *Id.* at 4, 13-14.

¹⁰ *Id.* at 14-15.

¹¹ *Id.* at 5.

learning the broadcast industry and to active participation in the day-to-day operations of the station, with a goal of becoming an independent operator of the station.¹²

III. CONCLUSION.

For the reasons set forth in more than a decade of Bonneville's pleadings and letters, the Commission should adopt an incentives-based model for its incubator program along the lines of the structure proposed by the NAB.

Respectfully submitted,

BONNEVILLE INTERNATIONAL CORPORATION

By: /s/
Kenneth E. Satten
Derek H. Teslik

WILKINSON BARKER KNAUER LLP
1800 M Street, N.W., Suite 800N
Washington, DC 20036
(202) 783-4141

Its Attorneys

April 9, 2018

¹² Bonneville recognizes the need for any incubator program to comport with constitutional requirements and believes that the Commission can design an incubator program consistent with its obligations under *Adarand*. *Id.* at 20.